

BRACEWELL & PATTERSON

2900 SOUTH TOWER PENNZOIL PLACE
HOUSTON, TEXAS 77002-2781
713 223 2900
CABLE BRACEPAT HOU
TELEX 76 2141

2000 K STREET N.W.
WASHINGTON, D. C. 20006-1809
202 828 5800
TELEX 89 2573
22 GROSVENOR SQUARE
LONDON W1X 0DY
01 491 4805
TELEX 23459
100 CONGRESS AVENUE
AUSTIN, TEXAS 78701-4042
512 472 7800

January 14, 1988

RECORDATION NO. 12724-A Filed 1425

Registered Mail
Return Receipt Requested
P 073 951 708

JAN 19 1988 -2 45 PM

Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

1-19-88
10.00

Dear Sir:

ICC Washington, D. C.

I am an attorney representing First City National Bank of Houston. In that capacity, I have enclosed one original counterpart and two copies of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code and pursuant to 49 CFR Part 1177. This document is an Amended and Restated Security Agreement, a secondary document, dated January 13, 1988. The primary document to which this is connected is recorded under Recordation No. 12724. The name and address of the parties to the document is as follows:

- (1) The name and address of the Mortgagee (Bank/Secured Party) is:

First City National Bank of Houston
1001 Main Street
Houston, Texas 77002

- (2) The name and address of the Mortgagor (Debtor) is:

Delgray Enterprises, Inc.
2727 Allen Parkway
Suite 860
Houston, Texas 77019

- (3) The property covered by the primary document includes railway equipment described as follows:

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Forty-Seven (47) railroad cars more fully described below:

<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
10	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W.	GLNX 34134 GLNX 34135 GLNX 34136 GLNX 34137 GLNX 34138 GLNX 34139 GLNX 34140 GLNX 34141 GLNX 34142 & GLNX 34143
2	34,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23100 & GLNX 23101
4	4,750 Cubic foot, covered hoppers, type "LO" cars; three compartments; mechanical gates.	GLNX 410 GLNX 412 GLNX 413 & GLNX 414
31	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23177 through GLNX 23183, inclusive; GLNX 23225 through GLNX 23231, inclusive; GLNX 23194; GLNX 23202; GLNX 23208; GLNX 23233; GLNX 23234; GLNX 23235; GLNX 23237; GLNX 23243; GLNX 23156;

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<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
		GLNX 23157;
		GLNX 23158;
		GLNX 23162;
		GLNX 23165;
		GLNX 23172;
		GLNX 23173;
		GLNX 23222;
		and
		GLNX 23223

A fee of \$10.00 is enclosed. Please return the original and any extra counterparts not needed by the Commission for recordation to:

German A. Salazar
Bracewell & Patterson
2900 South Tower Pennzoil Place
Houston, Texas 77002

A short summary of the document to appear in the index follows:

Amended and Restated Security Agreement executed as of January 13, 1988 by Delgray Enterprises, Inc. ("Borrower") and First City National Bank of Houston ("Bank") in connection with that certain Security Agreement executed by Borrower and Bank and dated as of December 23, 1980 with Recordation No. 12724, dated January 9, 1981 and covering the following property:

- (1) Forty-Seven (47) railroad cars more fully described on Exhibit "A" attached hereto ("Cars");
- (2) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of November 15, 1979, between GLNX Corporation, a Texas corporation, and Borrower ("First Management Agreement");

BRACEWELL & PATTERSON

January 14, 1988

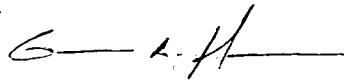
Page 4

- (3) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of May 15, 1980, between GLNX Corporation, a Texas corporation, and Borrower ("Second Management Agreement");
- (4) All right, title and interest now owned or hereafter acquired by Borrower in and to all now or hereafter existing leases of any of the Cars;
- (5) Each Bank Collateral Account and each Additional Collateral Account.

If you have any questions regarding this matter, or if you need further information, please call German A. Salazar at (713) 221-1320.

Very truly yours,

Bracewell & Patterson



German A. Salazar

11GASS/D

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

German A. Salazar
Bracewell & Patterson
2900 South Tower Pennzoil Place
Houston, TX 77002

Dear Sir

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/19/88 at 2:45PM, and assigned recordation number(s). 12724-A

Sincerely yours,

Narta R. McEneaney

Secretary

Enclosure(s)

RECORDATION NO. 12724-A FILED 1423

JAN 19 1988-2 45 PM

INTERSTATE COMMERCE COMMISSION

AMENDED AND RESTATED
SECURITY AGREEMENT

Section I. Collateral and Obligations.

To secure the performance and payment of all obligations and indebtedness of Delgray Enterprises, Inc., a Texas corporation ("Borrower"), to First City National Bank of Houston ("Bank"), 1001 Main Street, Houston, Harris County, Texas, of whatever kind or however created or incurred, whether incurred directly or acquired from third parties, whether resulting from or evidenced by notes, guaranty or other agreements, overdrafts, letters of credit, letter of credit agreements or otherwise and whether now or hereafter existing, including, without limitation, obligations resulting from or arising in connection with (i) the Loan Agreement dated January 13, 1988, ("Loan Agreement"), (ii) the "Principal Note" and the "Interest Shortfall Note" as defined in the Loan Agreement and executed in connection with the Loan Agreement and (iii) all other related documents, Borrower hereby grants to Bank a security interest in the property hereinafter described and all proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions thereof, thereto, therefrom or therefor, including any stock, rights to subscribe, liquidating dividends or other dividends, assets or rights, which Borrower may hereafter become entitled to receive on account of securities pledged hereunder (all such property, proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions are hereinafter collectively called "Collateral"):

- (1) Forty-seven (47) railroad cars more fully described on Exhibit "A" attached hereto ("Cars");
- (2) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of November 15, 1979, between Glenco Corporation, a Texas corporation ("Glenco") (now GLNX Corporation), and Borrower ("First Management Agreement");
- (3) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of May 15, 1980, between Glenco (now GLNX Corporation) and Borrower ("Second Management Agreement");

12724-A

- (4) All right, title and interest now owned or hereafter acquired by Borrower in and to all now or hereafter existing leases of any of the Cars ("Leases"); and
- (5) Each Bank Collateral Account (as hereinafter defined) and each Additional Collateral Account (as hereinafter defined).

Section II. Payment Obligations of the Borrower.

The Borrower shall pay to Bank when due any amount which may be due from the Borrower to Bank. Borrower shall account fully and faithfully to Bank for all distributions, payments, profits and proceeds of or from the Collateral and shall on demand pay or turn over promptly in money, instruments, drafts, assigned accounts or chattel paper, all such distributions, payments, profit, and proceeds to be applied to the obligation and indebtedness secured hereby, whether or not due and payable, in such order as the Bank may elect, subject, if other than cash, to final payment or collection.

Section III. Borrower's Representations, Warranties and Agreements.

Borrower represents, warrants and agrees that:

1. All written information supplied and written statements made at any time (whether prior to, contemporaneously with or following the execution hereof) to Bank in connection with any obligation or indebtedness hereby secured or by or on behalf of Borrower in any financial, credit, accounting or other statement or certificate or application for credit are and shall be true, correct, complete, valid and genuine. Borrower shall keep accurate and complete records of the Collateral, shall give Bank or its representatives access to such records at all times and shall provide such other information concerning the Borrower and the Collateral as the Bank may require. The address of the Borrower's place of business, residence, chief executive office and office where the Borrower keeps its records concerning its accounts, contract rights and general intangibles is set forth beside Borrower's signature hereon. Borrower shall immediately notify Bank of any discontinuance of

or change in such address, any change in the location of its place of business, residence, chief executive office or office where it keeps such records, and any change in its name.

2. No certificate of title, financing statement filing with the Interstate Commerce Commission ("ICC"), the Association of American Railroads, the Department of Transportation or other government or industry authority or other filing or document showing any lien on or security interest in the Collateral except that of Bank is or will be outstanding or on file at any time. Borrower has good and marketable title to the Collateral, subject only to the security interests of Bank and subject to no other security or other interest, lien, encumbrance or restriction whatsoever. Attached as Exhibits "B" and "C" to this Security Agreement are true and correct copies of the First Management Agreement and Second Management Agreement (collectively "Management Agreements"), which are currently in full force and effect in the forms set forth in such Exhibits. The Borrower will not permit to occur any amendment, other modification or termination of the Management Agreements, and will otherwise keep the Management Agreements in full force and effect. The right, title and interest now owned by Borrower in the Management Agreements are at least all rights, titles and interests of the "Owner" therein referred to, subject to no security or other interest, lien, encumbrance or restriction whatsoever. Borrower has full power and lawful authority to sell and assign the Collateral and to grant to Bank a first and prior security interest therein as herein provided, and Borrower will defend the Collateral against the claims and demands of all third persons. Borrower will not grant any security interest in or lien on or otherwise transfer, dispose of, encumber or restrict the transferability of any right, title or interest now owned or hereafter acquired by Borrower in or to any Lease, the Management Agreements, except for security interests granted to Bank. The Collateral (i) is genuine, free from default, prepayment or defenses and all persons appearing to be obligated thereon are bound thereon as they appear to be from the face thereof; and (ii) complies with applicable laws. The description of the Cars contained on Exhibit "A" hereto is an accurate description of the type of railway equipment that the Cars constitute, the A.A.R. mechanical designation, if any, of the Cars, all identifying marks on the Cars and the serial numbers of the Cars, sufficient in all respects to comply with the requirements of 49 CFR §1116.4(c).

3. Within ten (10) days of its receipt thereof, Borrower will deliver to Bank all information, notices, documents and other items delivered to Borrower by or through GLNX. The Borrower has delivered to the Bank its balance sheet dated as of September 30, 1987. No material adverse change in the condition, financial or otherwise, of the Borrower has occurred since such date, and there are no material unrealized or anticipated losses with respect to the Borrower not reflected by such balance sheet. Borrower shall provide the Bank with all financial information and other reports required to be furnished to Bank or requested by Bank pursuant to the Loan Agreement.

4. Within thirty (30) days of written request by Bank to Borrower, Borrower will, at its costs and expense, cause to be plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each Car a legend bearing the following words (and/or such other words as may be requested by Bank) in letters not less than one inch in height:

"FIRST CITY NATIONAL BANK OF HOUSTON,
HOUSTON, TEXAS, IS THE HOLDER OF A VALID
SECURITY INTEREST OF FIRST PRIORITY
ON THIS CAR."

5. Borrower will take all necessary steps to preserve the liability of account debtors (including, without limitation, GLNX and any lessee under any Lease), obligors and secondary parties whose obligations are a part of the Collateral. Bank's duty with reference to the Collateral in Bank's actual possession shall be solely to use reasonable care in the physical preservation of such Collateral. Bank shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Bank to take necessary steps to preserve rights against prior parties. Protest and all demands and notices of any action taken by Bank under this Security Agreement, or in connection with any Collateral, except as otherwise provided in this Security Agreement, are hereby waived, and any indulgence of Bank, substitution for, exchange or release of any person liable on the Collateral is hereby assented and consented to. Bank may inspect at any time the Collateral and Borrower's books and records pertaining to the Collateral. Borrower shall assist Bank in making any such inspection. The Cars will not at any time be located in any country other than the United States,

Canada and Mexico. The Collateral will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear in connection with its intended primary use, and will not be used in violation of any statute, regulation or ordinance. Borrower will keep the Cars in good working condition and will pursue with reasonable diligence all repairs and/or modifications necessary to keep the Cars in good working condition. The Collateral will not be affixed to any real estate or their goods so as to become fixtures or accessions.

6. In addition to any insurance required by the Loan Agreement, Borrower will maintain at all times (i) all risks insurance with respect to all Cars covering physical loss or damage in an amount of not less than \$40,000 for each Car, with a deductible of not more than \$5,000 per occurrence; (ii) liability insurance of at least \$5,000,000 per occurrence (iii) such other insurance as Bank may reasonably request from time to time. Borrower shall furnish Bank with certificates or other evidence of insurance required hereby. No such insurance shall be payable to any person other than Bank, Borrower or GLNX. Bank may act as attorney for Borrower in settling any claim in connection with such insurance and endorsing any draft drawn by any insurer of the Collateral. If any insurance required hereby expires or otherwise is not in full force and effect at any time and Borrower fails to obtain replacement insurance, Bank may, but need not, obtain replacement insurance (which may, at Bank's option, cover only the interest of Bank) pay the premiums therefor, add the amount of such premiums to the principal balance of the Principal Note secured hereby and, to the extent permitted by law, charge interest thereon in the same manner and at the same rate of interest as is provided in the Loan Agreement. Borrower agrees to reimburse Bank on demand for the amount of such premiums and such interest. Policies evidencing any property insurance required hereby shall contain a standard mortgagee's endorsement providing for payment of any loss to Bank and shall provide for a minimum of thirty (30) days prior written notice to Bank of any cancellation. Bank shall receive all proceeds of insurance and shall have the right to deposit such proceeds which may be received by it in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof. In the event of total loss of a Car under the applicable insurance policy, the insurance

proceeds with respect to such loss shall be applied in payment on account of the obligations and indebtedness secured hereby, in such order as the Bank elects whether or not due and payable. In the event that the insurance proceeds are less than the Prepayment Amount (as defined in Paragraph 4 of Section VI) with respect to the Car, Borrower shall immediately tender to the Bank the difference between the insurance proceeds and the Prepayment Amount, in which difference shall be applied by the Bank in payment on account of the obligations and indebtedness secured hereby, in such order as the Bank elects, whether or not due and payable. In the event of partial loss of a Car under the applicable insurance policy, the insurance proceeds with respect to such loss shall be applied to either: (i) payment on account of the indebtedness secured hereby in such order as the Bank elects, whether or not due and payable; or (ii) to the repair and reconstruction of the damaged Car.

7. Except for (i) the lease from time to time in the ordinary course of business of the Cars pursuant to Leases in which the Bank has a valid and perfected security interest of first priority, (ii) restrictions on the Cars as provided in the Management Agreements, and (iii) liens for taxes not yet due or payable and mechanic's, carrier's, workman's or repairman's liens arising in the ordinary course of the Borrower's business securing obligations which are not yet due or payable (provided, however, that the aggregate of all amounts secured by any liens permitted by this Clause (iii) shall not at any time exceed \$6,000 per Car not released from the coverage of this Security Agreement prior to such time), none of the Collateral will be sold, leased, rented or otherwise transferred, encumbered or disposed of or be subjected to any unpaid charge, including rent and taxes, or to any other interest of any person (other than the Bank), whether existing with or without the consent of the Borrower, and the transferability of the Collateral will not be restricted except as provided by this Security Agreement. Borrower will do, make, procure, execute and deliver all acts, things, writings and assurances as Bank may at any time request to perfect, protect, assure or enforce Bank's interest, rights and remedies created by or arising in connection with this Security Agreement, including, without limitation, the execution of financing statements, applications for certificates of title, filings with the ICC or any other authority and like documents. Without limiting the generality of the foregoing, the Borrower will within ten (10) days of demand by

Bank provide such documents, instruments, agreements and other writings satisfactory in all respects to the Bank as may be requested by Bank and take such other actions as may be requested by Bank in order to create, protect, perfect and assure under all laws (including, without limitation, the laws of Canada and Mexico and of all states, provinces, and other jurisdictions therein) a valid and perfected lien, mortgage and security interest of first priority in favor of Bank enforceable against all persons whatsoever (including, without limitation, a bankruptcy trustee or similar person) in all Collateral securing all indebtedness and obligations of Borrower to Bank as more fully described in Section I hereof. In the event the Borrower fails or is unable to comply with the provisions of the immediately preceding sentence as to any Car, the Borrower shall within ten (10) days of such demand pay to the Bank an amount equal to the Prepayment Amount as to such Car, and Bank shall have the right to deposit such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof. All actions taken by or required to be taken by Borrower in connection with this Security Agreement shall be at Borrower's expense. Additionally, Borrower agrees to reimburse Bank for reasonable attorneys' fees incurred by Bank in connection with the preparation of this Security Agreement, the Loan Agreement and the other documents executed in connection herewith. Without notice or demand from Bank, Borrower agrees to deliver to Bank all certificates of title pertaining to Collateral as to which a certificate of title has been or may be issued.

8. The execution, delivery and performance of this Security Agreement, the Loan Agreement, all financing statements previously executed and to be executed by the Borrower in connection with the this Security Agreement, the Management Agreements (collectively, the "Loan Documents") are within Borrower's power and authority and are not in contravention of law or any indenture, agreement or undertaking to which Borrower is a party or by which Borrower is bound. Borrower is validly organized, existing and in good standing under the laws of Texas is duly qualified to transact business in Texas and in each other jurisdiction in which such qualification is necessary and is duly authorized to execute, deliver and perform all of the Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms. The

Management Agreements have been duly authorized, executed and delivered by GLNX and constitute legal, valid and binding obligations of GLNX enforceable against GLNX in accordance with their respective terms. Borrower is not required to obtain any consent, approval or authorization of, or to make any registration, declaration or filing with, any government or government entity as a condition precedent to the valid execution and deliver of any of the Loan Documents.

9. The Borrower will maintain its corporate existence and its right to do business in Texas and all other jurisdictions in which the nature of its business or property requires it to be qualified. The Borrower will not merge with or into or consolidate with any person or sell all, or substantially all, of its property and assets to any person or purchase or otherwise acquire all, or substantially all, of the property and assets of any other person.

10. Borrower agrees that in performing any act under this Security Agreement, the Loan Agreement and any note, guaranty agreement or other obligations secured hereby, time shall be of the essence and Bank's acceptance of partial or delinquent payments, or failure of Bank to exercise any right or remedy, shall not be a waiver of any obligation of Borrower or right of Bank or constitute a waiver of any other similar default subsequently occurring.

11. In the event that Bank receives any amount which constitutes Collateral, other than Net Rental Proceeds or other deposits required to be made to the Additional Collateral Account pursuant to Section VI, paragraph 6 of this Agreement, from or through GLNX, Bank shall have the right to deposit such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, and if an Event of Default exists, Bank shall have the right to either, at Bank's option, apply all or any portion of such amount in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both.

Section IV. Rights of Bank.

1. Bank may, in its discretion before or after

default: (i) bring any action at law or in equity to protect its interest in the Collateral or to obtain damages for or to prevent deterioration or destruction of the Collateral other than ordinary wear and tear in connection with its intended primary use; and (ii) take control of proceeds of any Bank Collateral Account and/or any Additional Collateral Account to use such proceeds to reduce any part of the obligations secured hereby, in such as it elects, whether or not due and payable. Bank may, in its discretion, after the occurrence of an Event of Default (as defined herein) and at any time during the continuance thereof: (i) terminate, on notice to Borrower, Borrower's authority to sell, lease, otherwise transfer, manufacture, process or assemble or furnish under contracts of service, inventory Collateral or any other Collateral as to which such authority has been given; (ii) notify any account debtor (including, without limitation, GLNX and any lessee under any Lease) or obligors on instruments to make payments directly to Bank; (iii) contact account debtors (including, with limitation, GLNX and any lessee under any Lease) or obligors on instruments directly to verify information furnished by Borrower; (iv) take control of proceeds of any Bank Collateral Account and/or any Additional Collateral Account and use such proceeds to reduce any part of the indebtedness or obligations secured hereby, in such order as it elects, whether or not due and payable (but nothing herein shall be construed as limiting the rights of Bank to take control of and apply proceeds of insurance, whether or not an Event of Default has occurred, as provided in paragraph 6 of Section III hereof); and (v) make demand for payment of, file suit on, make any compromise or settlement with respect to, collect, compromise, endorse or otherwise deal with the Collateral in its own name or the name of the Borrower.

2. At its option, Bank may make payments to discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and take any other action necessary to obtain, preserve, and enforce the security interest and the rights and remedies granted in this Security Agreement and maintain and preserve the Collateral. Such payments and any other expenses incurred by Bank in taking such action shall be added to the principal balance of the Principal Note and shall, to the extent permitted by law, bear interest at a rate per annum equal to the Accrual Rate and shall be payable on the same terms as the principal amount of the Principal Note; provided,

however, that such rate per annum shall not exceed the maximum nonusurious interest rate permitted by applicable law. Borrower agrees to reimburse Bank for any such payments and other expenses and such interest on demand.

3. Upon and after the occurrence of an Event of Default, and at any time thereafter, Bank may declare all obligations and indebtedness secured hereby immediately due and payable, without notice of any kind, and (whether or not any such obligation or indebtedness has been declared or become due and payable, and whether or not at the time there is outstanding any indebtedness or obligation secured hereby) shall have the rights and remedies of a secured party under the Uniform Commercial Code of Texas including, without limitation the right to sell, lease or otherwise dispose of any or all of the Collateral in any manner allowed by such Uniform Commercial Code. Bank may require Borrower to assemble the Collateral and make it available to Bank at a place to be designated which is reasonably convenient for both parties; and Bank shall have the right to take possession, with or without prior notice to the Borrower, of all or any part of the Collateral or any security therefor and of all books, records, papers and documents of the Borrower or in the Borrower's possession or control relating to the Collateral and may enter upon any premises upon which any of the Collateral or any security therefor or any of such books, records, papers or documents are situated and remove the same therefrom without any liability for trespass or damages thereby occasioned. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will send the Borrower reasonable notice of the time and place of any public sale or other disposition thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is deposited in the U.S. Mail, postage prepaid, addressed to the Borrower at the address set forth beside the Borrower's signature hereon at least ten (10) days before the time of the sale or disposition. Borrower shall be liable for all expenses, including without limitation, reasonable attorneys' fees and court costs, actually incurred by Bank in repossessing, storing, preparing for sale, lease or other disposition, or selling, leasing or otherwise disposing of the Collateral. Bank may, at Bank's option, apply all or any portion of any amount received in connection with any sale or other disposition of any Collateral in payment on account of such

expenses and other obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable, or deposit all or any portion of such amount in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof, or both. The Collateral may be sold, leased or otherwise disposed of as an entirety or in such parcels as Bank may elect, and it shall not be necessary for Bank to have actual possession of the Collateral or to have it present when the sale, lease or other disposition is made. Bank may deliver to the purchasers or transferees of the Collateral a Bill of Sale or Transfer, binding the Borrower forever to warrant and defend title to such Collateral.

4. Bank may remedy any default and may waive any default without waiving the requirement that the default be remedied and without waiving any other default. The remedies of Bank are cumulative, and the exercise or partial exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Bank. No delay of Bank in exercising any power or right shall operate as a waiver thereof.

5. This Security Agreement, Bank's rights hereunder and the indebtedness and obligations hereby secured may be assigned from time to time, and in any such case the assignee shall be entitled, from and after the date on which notice of such assignment is given to Borrower, to all of the rights, privileges and remedies granted in this Security Agreement to Bank.

6. Bank may execute, sign, endorse, transfer or deliver in its own name or in the name of the Borrower, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

Section V. Events of Default.

The Borrower shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

1. Failure of Borrower, GLNX or any endorser, guarantor, surety, accommodation party or other person liable upon or for payment of any indebtedness or obligation

secured by this Security Agreement (GLNX and each such endorser, guarantor, surety, accommodation party, and other such person that is so liable are each hereinafter called an "Other Liable Party") to pay punctually when due any indebtedness due to Bank or to perform punctually any other obligation, covenant, term or provision contained in or referred to in this Security Agreement, the Loan Agreement any note or other agreement secured hereby, the Management Agreements, any of the other Loan Documents or any other agreement executed in connection with this Security Agreement or any obligation or indebtedness secured hereby; provided, however, that failure to comply with any affirmative covenant herein contained, except the covenants provide in paragraph 6 of Section III hereof, shall not constitute an Event of Default if cured within ten (10) days following notice of such failure given by the Bank to the Borrower;

2. Any warranty, representation or statement contained in this Security Agreement or made or furnished to Bank by or on behalf of Borrower or any Other Liable Party proves to have been false in any respect when made or furnished;

3. Any loss, theft, damage or destruction of any of the Cars occurs (other than (i) any loss, theft, damage or destruction to any Car if within one hundred eight (180) days of such loss, theft, damage or destruction either (a) such Car is returned to service in good condition, or (b) the Borrower pays to the Bank for deposit in any Bank Collateral Account established pursuant to paragraph 5 of Section VI hereof an amount equal to the insurance proceeds received with respect to such Car, and (ii) any total loss of any Car as to which the insurance proceeds required by paragraph 6 of Section III hereof are deposited when required), but in no event shall the insurance proceeds deposited be less than the Prepayment Amount; Borrower shall supplement the insurance proceeds if necessary;

4. Any unauthorized sale or other transfer of any of the Collateral occurs or the Collateral is subjected to any lien or encumbrance including, without limitation, any storage, artisan's, mechanic's or landlord's lien or any levy, seizure or attachment, except for the liens expressly permitted by paragraph 7 of Section III hereof;

5. Death, dissolution, termination of existence, insolvency or business failure of Borrower or any Other Liable Party occurs, or a receiver or custodian of all or

any part of the property of Borrower or any Other Liable Party is appointed or an assignment is made for the benefit of the creditors of Borrower or any Other Liable Party is called or any proceeding under any bankruptcy or insolvency laws by or against Borrower or any Other Liable Party is commence, unless, in the case of any such proceeding filed against, and without the consent of, the Borrower or any Other Liable Party, such proceeding is dismissed within thirty (30) days;

6. Any event occurs which results in the acceleration of the maturity of the indebtedness of Borrower or any Other Liable Party (other than GLNX) to others under any indenture, agreement or undertaking;

7. The Borrower or any Other Liable Party fails to comply with any provision of any agreement (other than the Loan Documents) with or obligation to the Bank or there occurs any default or "Event of Default" thereunder; or

8. An "Event of Default" occurs under the Loan Agreement.

Section VI. Additional Agreements.

1. "Bank" and "Borrower" as used in this Security Agreement include the successors, representatives, receivers, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Security Agreement which are defined in the Uniform Commercial Code of Texas are used with the meanings as therein defined. The division of this Security Agreement into sections and subsections has been made for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Security Agreement. The law governing this secured transaction shall be that of the State of Texas.

2. If any provision of this Security Agreement is rendered or declared invalid, illegal or ineffective by reason of any existing or subsequently enacted legislation or by decree of a court of competent jurisdiction, such legislation or decree shall not impair, invalidate or nullify the remainder of the Security Agreement which shall remain in full force and effect.

3. Any notice or demand to the Borrower hereunder or in connection herewith may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to the Borrower at the address set forth below, in the U.S. Mail; but actual notice, however given or received, shall always be effective. Borrower has previously granted a security interest to the Bank in the Collateral. This Security Agreement and the security interests granted herein are in addition to an cumulative of all other security agreements and security interests now or hereafter existing in favor of the Bank. This Security Agreement and the security interests granted herein do not limit or impair, and are not limited or impaired by any other security agreement or security interest now or hereafter existing in favor of the Bank.

4. As used herein, the term "Prepayment Amount" shall be the amount per Car calculated in accordance with Exhibit "D" hereto. Immediately upon the actual receipt by the Bank in Proper Funds for deposit in any Bank Collateral Account established pursuant to paragraph 5 of this Section VI of an amount equal to the Prepayment Amount as to a Car, there shall be deemed released from the coverage of this Security Agreement and from the security interest created hereby such Car, but no other Collateral shall be deemed to be released; provided, however that no Car shall be deemed released unless the Prepayment Amount as to such Car is made pursuant to the requirements of paragraph 7 of Section III. All amounts to be paid in connection with this Security Agreement shall be made in Proper Funds. As used herein, "Proper Funds" shall mean lawful money of the United States of America which is legal tender in payment of all debts and dues, public and private, or other immediately available funds acceptable to the Bank in its sole discretion.

5. Borrower hereby agrees that all amounts which must, pursuant to this Agreement, be deposited by Borrower in any "Bank Collateral Account" shall be deposited by Borrower in account number 0017175 at the Bank or such other account(s) as may be designated by Bank from time to time. Such account number 0017175, each such other account(s) and all paragraph 5 Investments (as hereinafter defined) shall each constitute a "Bank Collateral Account" for purposes of this Agreement. Additionally, Bank may, at its option, deposit amounts in a Bank Collateral Account from time to time, as contemplated in this Security Agreement. Borrower

shall have absolutely no control over, or rights or powers with respect to, any Bank Collateral Account or any amount at any time deposited therein, except to the limited extent that Borrower may designate investments as hereinafter provided. The Borrower shall have no right to possession of any bank Collateral Account or any such amount. Without limiting the generality of the foregoing, it is expressly agreed that Borrower shall have no right or power to withdraw or order the withdrawal of any such amount or to sell, alienate, transfer, pledge or otherwise dispose of any Bank Collateral Account or any such amount except to Bank. The Bank may, at its option, from time to time after the occurrence of an Event of Default, apply all or any portion of any such amount to the payment of any or all obligations and indebtedness secured hereby, without notice to Borrower or any other person. Nothing herein shall limit Bank's right of setoff against or any other right Bank may at any time have with respect to any Bank Collateral Account or any such amount. Bank shall use its best efforts prior to the occurrence of an Event of Default to invest from time to time any such amount in such of the following permitted investments (Paragraph 5 "Investments") as may be designated in writing by Borrower to Bank: (i) certificates of deposits and other deposits (including Euro-Dollar deposits) with Bank and (ii) United States Treasury bills; provided, however, that such investments need be made by Bank only if the Bank at all times has an enforceable and perfected security interest of first priority thereon; and, provided further, however, that the Bank need not make any such investment if the final maturity of such investment is later than ninety (90) days following the date such investment is made. After the occurrence of an Event of Default the Bank shall have the right but not the obligation to make such investments. Bank shall have no obligation to obtain the then market interest rate or any other minimum interest rate on any such investment. Except as may be provided in the terms of any Paragraph 5 Investments, no Bank Collateral Account shall bear interest. Borrower hereby transfers and assigns to Bank each Bank Collateral Account and all amounts at any time deposited therein.

6. Borrower agrees to cause any lessee of railroad Cars to deposit all "Net Rental Payments," as defined in the Loan Agreement, and further agrees to deposit any payments, including Net Rental Payments, received by Borrower from

either GLNX Corporation or any other entity and all other amounts received by Borrower respecting such Net Rental Payments in account number 9502955 ("Additional Collateral Account") or such other account or accounts as may be designated by the Bank from time to time. Such account number 9502955 and each other such account(s) shall constitute an Additional Collateral Account for the purpose of this Agreement. Such deposits shall be made immediately upon Borrower's receipt of such checks or funds, or if made by lessee or when payment is due if deposit is made by lessee. The Bank shall debit the Additional Collateral Account in the amount of the required interest due on the Principal Note at the "Pay Rate," as defined in the Loan Agreement, with any remaining balance in such account being debited by the Bank and applied towards the principal balance on the Principal Note and credit the Principal Note, as defined in the Loan Agreement for the debited amount. Should any balance remain in the Additional Collateral Account after the full amount owing under the Principal Note has been paid, such amount shall be debited by the Bank and applied towards the principal balance on the Interest Shortfall Note and the Interest Shortfall Note shall be credited for the debited amount. In the event that the amount in the Additional Collateral Account is insufficient to meet the required disbursements from such account, Borrower shall immediately deposit sufficient funds in such account to cover all require disbursements. At such time as the amount of funds in the Additional Collateral Account is equal to the principal and accrued interest on the Principal Note, the Bank shall apply all amounts in the Additional Collateral Account to the payment of principal and accrued interest on the Principal Note. Borrower shall have absolutely no control over, or rights or powers with respect to, any Additional Collateral Account or any amount at any time deposited therein. Without limiting the generality of the foregoing, it is expressly agreed that Borrower shall have no right or power to withdraw or order the withdrawal of any such amount or to sell, alienate, transfer, pledge or otherwise dispose of any Additional Collateral Account or any such amount except to the Bank. The Bank may, without notice to Borrower, or any other person, at its option, from time to time after the occurrence of an Event of Default, apply all or any portion of any amount at any time deposited in any Additional Collateral Account to the payment of any or all obligations and indebtedness secured hereby or any transfer all or any portion of any such amount to any Bank Collateral Account established pursuant to paragraph 5 of


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this Section VI. Nothing herein shall limit Bank's right of setoff against or any other right Bank may at any time have with respect to any Additional Collateral Account or any such amount or obligate Bank to preserve any Additional Collateral Account or any such amount for the benefit of any other person. Borrower hereby transfers and assigns to the Bank each Additional Collateral Account and all amounts at any time deposited therein. No Additional Collateral Account shall bear interest. The Borrower shall have no right to possession of any Additional Collateral Account or any amount at any time deposited therein.

7. The execution and delivery of this Security Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the indebtedness and obligations secured hereby, and no security taken hereafter as security for payment of any such indebtedness or obligation shall impair in any manner or affect this Security Agreement, all such present and future additional security to be considered as cumulative security.

EXECUTED this 13th day of January, 1988.

DELGRAY ENTERPRISES, INC.

By: 
Warner W. Abel, Jr.
Vice President

[SEAL]

Address:

2727 Allen Parkway Suite 860
Houston, Texas 77219
Attention: Wayne K. Goettsche

Copy to:

Warner W. Abel, Jr.
2727 Allen Parkway Suite 860
Houston, Texas 77219

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FIRST CITY NATIONAL BANK OF HOUSTON

By: [Signature]
Name: CLARA J. CUNADO
Title: Senior Vice President

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 13th day of January, 1988, before me personally appeared Warner W. Abel, Jr., to me personally known, who being by me duly sworn, says that he is the Vice President of Delgray Enterprises, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]



[Signature]
Notary Public in and for
Harris County, T E X A S

Paula Swindle

My Commission Expires: 9/88

7GASS/I

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Exhibit "A"

1. "First Cars":

<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
10	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W.	GLNX 34134 GLNX 34135 GLNX 34136 GLNX 34137 GLNX 34138 GLNX 34139 GLNX 34140 GLNX 34141 GLNX 34142 & GLNX 34143
2	34,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23100 & GLNX 23101
4	4,750 Cubic foot, covered hoppers, type "LO" cars; three compartments; mechanical gates.	GLNX 410 GLNX 412 GLNX 413 & GLNX 414

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2. "Second Cars":

<u>Number</u>	<u>Type of Car</u>	<u>Serial #'s</u>
31	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23177 through GLNX 23183, inclusive; GLNX 23225 through GLNX 23231, inclusive; GLNX 23194; GLNX 23202; GLNX 23208; GLNX 23233; GLNX 23234; GLNX 23235; GLNX 23237; GLNX 23243; GLNX 23156; GLNX 23157; GLNX 23158; GLNX 23162; GLNX 23165; GLNX 23172; GLNX 23173; GLNX 23222; and GLNX 23223

7GASS/F

EXHIBIT B

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement"), by and between GLENCO TRANSPORTATION SERVICES, INC., a Texas corporation ("Glenco"), having its principal place of business in Houston, Texas, and Delgray Enterprises, Inc. ("Owner"), a resident of Harris County Texas.

WITNESSETH:

WHEREAS, Owner is the owner of the Railway Equipment listed in the attached Exhibit "A" (the "Railway Equipment"), and is desirous of entering into the following Agreement with GLENCO, whereby GLENCO will manage the Railway Equipment pursuant to the terms and conditions hereof; and

WHEREAS, GLENCO is desirous of undertaking the management of the Railway Equipment pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

ARTICLE I

APPOINTMENT

1. Owner hereby appoints GLENCO to manage and otherwise supervise the operation of the Railway Equipment in the name of the Owner, or in the name of GLENCO, but for the account and on behalf of the Owner pursuant and subject to the terms and conditions set forth in this Agreement.

2. GLENCO hereby accepts the appointment set forth in Paragraph 1 of this Article I and agrees to perform the duties and obligations set forth herein. Owner acknowledges and agrees that, whereas GLENCO has accepted the responsibility of managing the Railway Equipment, except as specifically set forth herein to the contrary or as provided by law, GLENCO shall have the sole function and operative judgment, to be exercised in a reasonable manner, for the leasing, operation and management of the Railway Equipment and for establishing and implementing policies and standards affecting the Railway Equipment or the operation, maintenance or repair thereof. GLENCO shall be entitled to rely upon written or oral instructions received from Owner as to any and all acts to be performed by GLENCO.

ARTICLE II

OWNER'S COVENANTS AND RESPONSIBILITIES

1. Owner does hereby deliver and release to GLENCO the Railway Equipment for the management thereof by GLENCO, and GLENCO acknowledges delivery and receipt thereof.

2. Except as provided below, Owner shall be responsible for the payment of all expenses incurred in connection with the Railway Equipment, including ad valorem and other taxes, freight, storage, design changes and other modifications required by governmental or industry regulations or technological changes, deductibles under insurance policies, and other expenses, levies or charges, including the Management Fees (as defined in Article V hereof), incurred in connection with the Railway Equipment and the operation and leasing thereof (all of which shall hereinafter be sometimes collectively referred to as the "Expenses"). The Expenses shall not include, however, minor and major repair and maintenance work (including, without limitation, running repairs, cleaning, painting, and periodic inspection costs) and insurance premiums as provided herein which shall be paid by GLENCO.

3. Owner agrees to pay a portion of the aggregate ad valorem, gross receipts, property, or similar taxes levied against all tank cars (including the Railway Equipment) managed or owned by GLENCO (the GLENCO Fleet) in an amount equal to the percentage which the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are of the gross rental and service charges earned by all tank cars in the GLENCO Fleet.

4. If the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are less than the Expenses incurred or reasonably foreseeable in connection with the operation and management of the Railway Equipment hereunder, GLENCO will so advise the Owner in the Quarterly Report provided for under Article III, Paragraph 8 hereof, including the amount of such deficiency and, if requested by GLENCO, Owner will remit to GLENCO within ten days of receipt of the Quarterly Report the amount of such deficiency.

5. Owner agrees to cooperate fully with GLENCO and to provide all assistance reasonably requested by GLENCO to carry out its obligations hereunder. This shall include, subject to the provisions of Article VI hereof, full cooperation and assistance in any lawsuit or other similar matter or proceeding before any court or agency.

ARTICLE III

GLENCO'S COVENANTS AND RESPONSIBILITIES

In consideration of the Management Fee provided for hereunder, GLENCO agrees to utilize reasonable time and efforts to:

1. Collect the rental and service charges earned by the Railway Equipment (the "Lease Fees"). Such duties shall not, however, be deemed to include the filing of a suit to collect such Lease Fees, although GLENCO may elect to do so at its option but at the expense of Owner, subject to the provisions of Article VI hereof.

2. Use its best efforts to obtain leases for the Railway Equipment (including renewal options) and maintain the Railway Equipment under lease throughout the term of this Agreement. GLENCO shall execute any such leases, in GLENCO's sole discretion, either in the name of Owner or in the name of GLENCO but for the account and on behalf of the Owner.

3. Comply with the terms and conditions of any lease agreements to which the Railway Equipment is subject during the term hereof. It is understood, however, that before GLENCO shall be obligated to comply with any lease not negotiated by GLENCO or any amended terms and conditions of any such lease, such lease and/or amendments must be approved, in writing, by GLENCO.

4. Make all required registration and other filings with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation and any other governmental or industry authority.

5. File applicable ad valorem and other tax returns and pay, from the Lease Fees or from funds advanced by Owner, all such taxes due, in accordance with the provisions of Article II, Paragraph 3. GLENCO may, however, retain during each calendar year of the term of this Agreement, an amount equal to three percent of the Lease Fees received during that calendar year to cover such taxes, but will, within 90 days following the end of each calendar year, remit to Owner any amounts not required for such taxes.

6. Maintain adequate books and records sufficient to account properly for the Lease Fees, Expenses and other such items applicable to the Railway Equipment.

7. Contract for or otherwise obtain all repair and/or maintenance work on the Railway Equipment considered necessary by GLENCO, such repair and/or maintenance work to be paid for by GLENCO, subject to the provisions of Article II, Paragraph 2.

8. Provide periodic reports to Owner on a quarterly basis (the "Quarterly Reports") which shall set forth the Lease Fees derived from the use of the Railway Equipment, as well as Expenses incurred or that are reasonably foreseeable to be incurred in connection with the Railway Equipment. The Quarterly Reports shall be for the quarters ending March 31, June 30, September 30, and December 31, and will be delivered to Owner as promptly as is reasonably possible. Should the Lease Fees exceed the Expenses incurred in connection with the Railway Equipment, payment

of the excess (except for any amount retained under Paragraph 5 and this Paragraph 8 of Article III) shall accompany the Quarterly Report. Should Expenses (incurred or reasonably foreseeable) exceed the Lease Fees for the period in question, the Quarterly Report will set forth the amount to be remitted by Owner to GLENCO, if requested. It is understood that GLENCO shall be under no obligation to advance funds for payment of the Expenses, regardless of the results of the nonpayment thereof. It is further understood that GLENCO shall have the authority to retain portions of Lease Fees that exceed actual Expenses incurred to cover future Expenses that can be reasonably foreseen to exceed Lease Fees for the applicable future period or periods. Such retention of Lease Fees shall be accomplished on a reasonable basis and in such a manner as to minimize the effect that such retention shall have on cash distributions, if any, made to Owner. No assessment for cash deficiencies shall be made to Owner, however, to the extent of unremitted mileage credits held by GLENCO.

9. Maintain the following insurance coverage on the Railway Equipment: A policy of general liability insurance covering Owner and GLENCO with limits of coverage not less than the amounts and against the risks insured against by GLENCO from time to time on railroad equipment owned by GLENCO; and a policy of property insurance with limits of coverage of not less than \$57,000 per car, \$250,000 each occurrence, with no more than a \$50,000 deductible (to be paid by owner) each occurrence, naming Owner as an additional insured. If at any time, the general liability insurance maintained on the Railway Equipment shall have limits of less than \$10,000,000 or shall not include assumed contracted coverage, for whatever reason; or if the amounts of coverage described above is decreased, GLENCO shall, not less than thirty (30) days after it received effective notice of the decrease in insurance coverage, give written notice to Owner of the same. GLENCO will provide the Owner as promptly as practical, after receipt by GLENCO, a certificate setting forth the then existing insurance coverage on the Railway Equipment.

10. Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on behalf of Owner. Such duties shall not, however, be deemed to include the filing of suit, although GLENCO may elect to do so at its option, but at the expense of Owner, subject to the provisions of Article VI.

ARTICLE IV

TERM AND TERMINATION

1. Subject to the provisions set forth herein, this Agreement shall be effective commencing with the average date of delivery of the Railway Equipment to first Lessee and shall automatically terminate ten years from such date.

2. Except as otherwise provided in this Agreement, the Owner may terminate this Agreement by giving GLENCO written notice of termination not less than three months prior to the termination date designated in such notice; provided, however, if Owner shall owe GLENCO any amounts under this Agreement, the Owner may not terminate this Agreement as to any of the Railway Equipment until all such amounts have been paid. GLENCO shall, at its option, be entitled to continue to lease and otherwise operate and manage the Railway Equipment and retain any and all Lease Fees received therefrom until all amounts outstanding and/or subsequently incurred in connection with such continued leasing of the Railway Equipment have been paid.

3. Except as otherwise provided in Article IV, Paragraph 4, should either party default under its obligations set forth herein, the sole and exclusive remedy of the other party shall be to advise the defaulting party of such default, and should such default not be corrected within 30 days of such notification, the aggrieved party may, at its option, immediately terminate this Agreement; provided, that the Owner shall (in addition to the foregoing) preserve and retain any rights the Owner might

have at law or in equity if GLENCO defaults in its obligations under Article III, Paragraph 9, or if GLENCO's actions constitute gross negligence or willful misconduct.

4. Neither GLENCO nor the Owner shall, by reason of the expiration or the termination of this Agreement in accordance with the terms and provisions hereof, be liable to the other for compensation, reimbursement or damages, either on account of present or prospective profits or on account of expenditures, investments or commitments made in connection therewith or in connection with establishment, development or maintenance of the business or goodwill of GLENCO or the Owner, or on account of any other cause or thing whatsoever; provided, however, that such expiration or termination shall not affect the rights or liabilities of the parties with respect to any indebtedness owing by either party to the other; and further provided, that such expiration or termination shall be subject to any then existing lease or leases of the Railway Equipment, and GLENCO, at its option, shall be entitled to continue, pursuant to the terms and conditions of this Agreement, the management and control of any of the Railway Equipment covered by such lease or leases as may be necessary for GLENCO to comply with such lease or leases, including the right to retain the Lease Fees, Management Fee and other sums as provided for herein, until the expiration or termination of such lease or leases. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. GLENCO shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE V

In consideration of the services of GLENCO hereunder, Owner shall pay to GLENCO a management fee of 18% of the Lease Fees collected for each railway car included in the Railway Equipment (the "Management Fee"). The Management Fee shall be deducted from the remittance due quarterly to Owner as otherwise provided herein.

ARTICLE VI

LEGAL ACTIONS

GLENCO will give written notice to Owner at least 10 days prior to the institution of legal proceedings by GLENCO or not more than 10 days after being served with process in any legal proceedings against GLENCO involving the Railway Equipment. Unless otherwise directed in writing by Owner, GLENCO may, at its option, institute or defend, in its own name or in the name of Owner, or both, but not against each other, and in all events at the expense of the Owner, any and all legal actions or proceedings it considers necessary hereunder, including those to collect charges, rents, claims or other income for the Railway Equipment, or lawfully oust or dispossess lessees or other persons in possession thereof, or lawfully cancel, modify or terminate any lease, license or concession agreement for the breach thereof of default by a lessee, licensee or concessionaire or take any and all necessary actions to protest or litigate to a final decision in any appropriate Court or other forum any violation, order, rule, regulation, suit, claim or other matter affecting the Railway Equipment. GLENCO shall keep Owner currently advised of all legal proceedings and Owner reserves the right to direct GLENCO to terminate any litigation brought pursuant to the foregoing authority.

ARTICLE VII

ASSIGNMENT

This Agreement is not assignable by either party except with the written consent of the other party; provided, however, (a) this Agreement together with the Railway Equipment may be transferred by Owner to his estate, heirs or devisees or to any purchaser at a foreclosure sale where this

Agreement and the related Railway Equipment are sold as collateral so long as such sale complies with applicable federal or state securities laws and (b) may be assigned by GLENCO in connection with the merger or consolidation of GLENCO into another corporation or as part of the sale of substantially all of the assets of GLENCO.

ARTICLE VII

INDEMNIFICATION

Owner and GLENCO jointly and severally acknowledge, agree and covenant that GLENCO is entering into this contract as an independent contractor, and neither party hereto shall take any action to alter such legal relationship. Owner shall have no right or authority, and shall not attempt, to enter into contracts or commitments in the name, or on behalf, of GLENCO, or to bind GLENCO in any manner or respect whatsoever. Further, Owner agrees to indemnify and hold GLENCO harmless from any and all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments, which may hereafter be asserted by any third party based on or relating to the Railway Equipment or the operation, including the leasing, thereof, except for all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments which may hereafter be asserted by any third party based on or relating to actions taken by, or inactions of, GLENCO in connection with the Railway Equipment, which actions or inactions were not authorized hereunder, were authorized hereunder but performed negligently, or were not specifically requested or approved by Owner; provided, that GLENCO shall indemnify and hold harmless the Investor from all claims, demands, causes of action (at law or in equity), damages, reasonable attorney's fees, expenses and judgments which may be asserted hereafter by any third party based on or relating to any of the aforesaid actions or inactions of GLENCO in connection with the Railway Equipment.

ARTICLE IX

ADDITIONAL AGREEMENTS

1. Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to carry out more fully the intent and purpose of this Agreement and to indicate the ownership of the Railway Equipment during the continuance with the Railway Equipment.

2. It is understood that upon the expiration or termination of this Agreement as to any or all of the Railway Equipment, Owner shall no longer be entitled to use the Recording and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of GLENCO. Accordingly, Owner agrees that it will promptly undertake upon such expiration or termination, at Owner's expense, all steps necessary to change promptly the Designations on the Railway Equipment no longer included under the Agreement and to execute any and all documents requested by GLENCO to transfer to GLENCO any rights Owner may have acquired to such Designations. GLENCO agrees to prepare, at GLENCO's expense, documentation as, in its opinion, is necessary to change all designations on the Railway Equipment from the Designations of GLENCO to those adopted by Owner, and to provide reasonable assistance to Owner, at Owner's expense, in the filing of such documents.

3. Any notice or other communication by either party to the other shall be in writing, and shall be deemed to have been duly given if either delivered personally or mailed, postage prepaid, registered or certified mail, addressed as follows:

GLENCO: Glenco Transportation Services, Inc.
1700 West Loop South, Suite 1205
Houston, Texas 77027

Owner: Delgray Enterprises, Inc.

P. O. Box 13288

Houston, TX 77019

or to such other address, and to the attention of such other person or officer as either party may designate to the other in writing as provided by this Paragraph.

4. The Owner or his authorized representative shall be entitled to inspect the books and records of GLENCO applicable to the Railway Equipment at any reasonable time during the office hours of GLENCO.

5. GLENCO hereby confirms that it will act as agent of Owner in entering into and performing all obligations and duties of the lessor under any lease of the Railway Equipment and hereby assigns to Owner all rights of the lessor under any such lease, including any rights of indemnification of the lessor thereunder; provided, that such assignment shall not affect or modify the relationship between, or the respective rights, obligations, and duties of GLENCO and Owner pursuant to this Agreement.

6. This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Railway Equipment. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. Any waiver of any obligation of either party hereto shall not be construed as a continuing waiver of any such obligation under any provision hereof.

7. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the heirs, administrators, executors, successors and assigns, if any, of the parties hereto, subject to the provisions pertaining to the assignment hereof set forth in Article VII.

8. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have hereunto set their names, effective this 15th day of November, 1979.

GLENCO TRANSPORTATION SERVICES, INC.

By


President

OWNER


Vice President

EXHIBIT A
RAILWAY EQUIPMENT

<u>Class</u>	<u>Capacity (Approx.)</u>	<u>Car Numbers</u>	<u>No. of Cars</u>
DOT-105A300W Insulated	34,000 Gal.	GLNX 34134 thru GLNX 34143	10
DOT-111A100W3 Insulated Exterior Coiled	23,500 Gal.	GLNX 23100 GLNX 23101	2
LO Covered Hopper	4,750 cu. ft.	GLNX 410 thru GLNX 414	5 —
		Total Cars:	17

EXHIBIT C

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement"), by and between GLENCO TRANSPORTATION SERVICES, INC., a Texas corporation ("Glenco"), having its principal place of business in Houston, Texas, and Delgray Enterprises, Inc ("Owner"), a resident of Harris County Texas.

WITNESSETH:

WHEREAS, Owner is the owner of the Railway Equipment listed in the attached Exhibit "A" (the "Railway Equipment"), and is desirous of entering into the following Agreement with GLENCO, whereby GLENCO will manage the Railway Equipment pursuant to the terms and conditions hereof; and

WHEREAS, GLENCO is desirous of undertaking the management of the Railway Equipment pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

ARTICLE I

APPOINTMENT

1. Owner hereby appoints GLENCO to manage and otherwise supervise the operation of the Railway Equipment in the name of the Owner, or in the name of GLENCO, but for the account and on behalf of the Owner pursuant and subject to the terms and conditions set forth in this Agreement.

2. GLENCO hereby accepts the appointment set forth in Paragraph 1 of this Article I and agrees to perform the duties and obligations set forth herein. Owner acknowledges and agrees that, whereas GLENCO has accepted the responsibility of managing the Railway Equipment, except as specifically set forth herein to the contrary or as provided by law, GLENCO shall have the sole function and operative judgment, to be exercised in a reasonable manner, for the leasing, operation and management of the Railway Equipment and for establishing and implementing policies and standards affecting the Railway Equipment or the operation, maintenance or repair thereof. GLENCO shall be entitled to rely upon written or oral instructions received from Owner as to any and all acts to be performed by GLENCO.

ARTICLE II

OWNER'S COVENANTS AND RESPONSIBILITIES

1. Owner does hereby deliver and release to GLENCO the Railway Equipment for the management thereof by GLENCO, and GLENCO acknowledges delivery and receipt thereof.

2. Except as provided below, Owner shall be responsible for the payment of all expenses incurred in connection with the Railway Equipment, including ad valorem and other taxes, freight, storage, design changes and other modifications required by governmental or industry regulations or technological changes, deductibles under insurance policies, and other expenses, levies or charges, including the Management Fees (as defined in Article V hereof), incurred in connection with the Railway Equipment and the operation and leasing thereof (all of which shall hereinafter be sometimes collectively referred to as the "Expenses"). The Expenses shall not include, however, minor and major repair and maintenance work (including, without limitation, running repairs, cleaning, painting, and periodic inspection costs) and insurance premiums as provided herein which shall be paid by GLENCO.

3. Owner agrees to pay a portion of the aggregate ad valorem, gross receipts, property, or similar taxes levied against all tank cars (including the Railway Equipment) managed or owned by GLENCO (the GLENCO Fleet) in an amount equal to the percentage which the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are of the gross rental and service charges earned by all tank cars in the GLENCO Fleet.

4. If the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are less than the Expenses incurred or reasonably foreseeable in connection with the operation and management of the Railway Equipment hereunder, GLENCO will so advise the Owner in the Quarterly Report provided for under Article III, Paragraph 8 hereof, including the amount of such deficiency and, if requested by GLENCO, Owner will remit to GLENCO within ten days of receipt of the Quarterly Report the amount of such deficiency.

5. Owner agrees to cooperate fully with GLENCO and to provide all assistance reasonably requested by GLENCO to carry out its obligations hereunder. This shall include, subject to the provisions of Article VI hereof, full cooperation and assistance in any lawsuit or other similar matter or proceeding before any court or agency.

ARTICLE III

GLENCO'S COVENANTS AND RESPONSIBILITIES

In consideration of the Management Fee provided for hereunder, GLENCO agrees to utilize reasonable time and efforts to:

1. Collect the rental and service charges earned by the Railway Equipment (the "Lease Fees"). Such duties shall not, however, be deemed to include the filing of a suit to collect such Lease Fees, although GLENCO may elect to do so at its option but at the expense of Owner, subject to the provisions of Article VI hereof.

2. Use its best efforts to obtain leases for the Railway Equipment (including renewal options) and maintain the Railway Equipment under lease throughout the term of this Agreement. GLENCO shall execute any such leases, in GLENCO's sole discretion, either in the name of Owner or in the name of GLENCO but for the account and on behalf of the Owner.

3. Comply with the terms and conditions of any lease agreements to which the Railway Equipment is subject during the term hereof. It is understood, however, that before GLENCO shall be obligated to comply with any lease not negotiated by GLENCO or any amended terms and conditions of any such lease, such lease and/or amendments must be approved, in writing, by GLENCO.

4. Make all required registration and other filings with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation and any other governmental or industry authority.

5. File applicable ad valorem and other tax returns and pay, from the Lease Fees or from funds advanced by Owner, all such taxes due, in accordance with the provisions of Article II, Paragraph 3. GLENCO may, however, retain during each calendar year of the term of this Agreement, an amount equal to three percent of the Lease Fees received during that calendar year to cover such taxes, but will, within 90 days following the end of each calendar year, remit to Owner any amounts not required for such taxes.

6. Maintain adequate books and records sufficient to account properly for the Lease Fees, Expenses and other such items applicable to the Railway Equipment.

7. Contract for or otherwise obtain all repair and/or maintenance work on the Railway Equipment considered necessary by GLENCO, such repair and/or maintenance work to be paid for by GLENCO, subject to the provisions of Article II, Paragraph 2.

8. Provide periodic reports to Owner on a quarterly basis (the "Quarterly Reports") which shall set forth the Lease Fees derived from the use of the Railway Equipment, as well as Expenses incurred or that are reasonably foreseeable to be incurred in connection with the Railway Equipment. The Quarterly Reports shall be for the quarters ending March 31, June 30, September 30, and December 31, and will be delivered to Owner as promptly as is reasonably possible. Should the Lease Fees exceed the Expenses incurred in connection with the Railway Equipment, payment

of the excess (except for any amount retained under Paragraph 5 and this Paragraph 8 of Article III) shall accompany the Quarterly Report. Should Expenses (incurred or reasonably foreseeable) exceed the Lease Fees for the period in question, the Quarterly Report will set forth the amount to be remitted by Owner to GLENCO, if requested. It is understood that GLENCO shall be under no obligation to advance funds for payment of the Expenses, regardless of the results of the nonpayment thereof. It is further understood that GLENCO shall have the authority to retain portions of Lease Fees that exceed actual Expenses incurred to cover future Expenses that can be reasonably foreseen to exceed Lease Fees for the applicable future period or periods. Such retention of Lease Fees shall be accomplished on a reasonable basis and in such a manner as to minimize the effect that such retention shall have on cash distributions, if any, made to Owner. No assessment for cash deficiencies shall be made to Owner, however, to the extent of unremitted mileage credits held by GLENCO.

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9. Maintain the following insurance coverage on the Railway Equipment: A policy of general liability insurance covering Owner and GLENCO with limits of coverage not less than the amounts and against the risks insured against by GLENCO from time to time on railroad equipment owned by GLENCO; and a policy of property insurance with limits of coverage of not less than ~~\$250,000~~ per car, \$250,000 each occurrence, with no more than a \$50,000 deductible (to be paid by owner) each occurrence, naming Owner as an additional insured. If at any time, the general liability insurance maintained on the Railway Equipment shall have limits of less than \$10,000,000 or shall not include assumed contracted coverage, for whatever reason; or if the amounts of coverage described above is decreased, GLENCO shall, not less than thirty (30) days after it received effective notice of the decrease in insurance coverage, give written notice to Owner of the same. GLENCO will provide the Owner as promptly as practical, after receipt by GLENCO, a certificate setting forth the then existing insurance coverage on the Railway Equipment.

10. Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on behalf of Owner. Such duties shall not, however, be deemed to include the filing of suit, although GLENCO may elect to do so at its option, but at the expense of Owner, subject to the provisions of Article VI.

ARTICLE IV

TERM AND TERMINATION

1. Subject to the provisions set forth herein, this Agreement shall be effective commencing with the average date of delivery of the Railway Equipment to first Lessee and shall automatically terminate ten years from such date.

2. Except as otherwise provided in this Agreement, the Owner may terminate this Agreement by giving GLENCO written notice of termination not less than three months prior to the termination date designated in such notice; provided, however, if Owner shall owe GLENCO any amounts under this Agreement, the Owner may not terminate this Agreement as to any of the Railway Equipment until all such amounts have been paid. GLENCO shall, at its option, be entitled to continue to lease and otherwise operate and manage the Railway Equipment and retain any and all Lease Fees received therefrom until all amounts outstanding and/or subsequently incurred in connection with such continued leasing of the Railway Equipment have been paid.

3. Except as otherwise provided in Article IV, Paragraph 4, should either party default under its obligations set forth herein, the sole and exclusive remedy of the other party shall be to advise the defaulting party of such default, and should such default not be corrected within 30 days of such notification, the aggrieved party may, at its option, immediately terminate this Agreement; provided, that the Owner shall (in addition to the foregoing) preserve and retain any rights the Owner might

have at law or in equity if GLENCO defaults in its obligations under Article III, Paragraph 9, or if GLENCO's actions constitute gross negligence or willful misconduct.

4. Neither GLENCO nor the Owner shall, by reason of the expiration or the termination of this Agreement in accordance with the terms and provisions hereof, be liable to the other for compensation, reimbursement or damages, either on account of present or prospective profits or on account of expenditures, investments or commitments made in connection therewith or in connection with establishment, development or maintenance of the business or goodwill of GLENCO or the Owner, or on account of any other cause or thing whatsoever; provided, however, that such expiration or termination shall not affect the rights or liabilities of the parties with respect to any indebtedness owing by either party to the other; and further provided, that such expiration or termination shall be subject to any then existing lease or leases of the Railway Equipment, and GLENCO, at its option, shall be entitled to continue, pursuant to the terms and conditions of this Agreement, the management and control of any of the Railway Equipment covered by such lease or leases as may be necessary for GLENCO to comply with such lease or leases, including the right to retain the Lease Fees, Management Fee and other sums as provided for herein, until the expiration or termination of such lease or leases. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. GLENCO shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE V

In consideration of the services of GLENCO hereunder, Owner shall pay to GLENCO a management fee of .18% of the Lease Fees collected for each railway car included in the Railway Equipment (the "Management Fee"). The Management Fee shall be deducted from the remittance due quarterly to Owner as otherwise provided herein.

ARTICLE VI

LEGAL ACTIONS

GLENCO will give written notice to Owner at least 10 days prior to the institution of legal proceedings by GLENCO or not more than 10 days after being served with process in any legal proceedings against GLENCO involving the Railway Equipment. Unless otherwise directed in writing by Owner, GLENCO may, at its option, institute or defend, in its own name or in the name of Owner, or both, but not against each other, and in all events at the expense of the Owner, any and all legal actions or proceedings it considers necessary hereunder, including those to collect charges, rents, claims or other income for the Railway Equipment, or lawfully oust or dispossess lessees or other persons in possession thereof, or lawfully cancel, modify or terminate any lease, license or concession agreement for the breach thereof of default by a lessee, licensee or concessionaire or take any and all necessary actions to protest or litigate to a final decision in any appropriate Court or other forum any violation, order, rule, regulation, suit, claim or other matter affecting the Railway Equipment. GLENCO shall keep Owner currently advised of all legal proceedings and Owner reserves the right to direct GLENCO to terminate any litigation brought pursuant to the foregoing authority.

ARTICLE VII

ASSIGNMENT

This Agreement is not assignable by either party except with the written consent of the other party; provided, however, (a) this Agreement together with the Railway Equipment may be transferred by Owner to his estate, heirs or devisees or to any purchaser at a foreclosure sale where this

Agreement and the related Railway Equipment are sold as collateral so long as such sale complies with applicable federal or state securities laws and (b) may be assigned by GLENCO in connection with the merger or consolidation of GLENCO into another corporation or as part of the sale of substantially all of the assets of GLENCO.

ARTICLE VII INDEMNIFICATION

Owner and GLENCO jointly and severally acknowledge, agree and covenant that GLENCO is entering into this contract as an independent contractor, and neither party hereto shall take any action to alter such legal relationship. Owner shall have no right or authority, and shall not attempt, to enter into contracts or commitments in the name, or on behalf, of GLENCO, or to bind GLENCO in any manner or respect whatsoever. Further, Owner agrees to indemnify and hold GLENCO harmless from any and all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments, which may hereafter be asserted by any third party based on or relating to the Railway Equipment or the operation, including the leasing, thereof, except for all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments which may hereafter be asserted by any third party based on or relating to actions taken by, or inactions of, GLENCO in connection with the Railway Equipment, which actions or inactions were not authorized hereunder, were authorized hereunder but performed negligently, or were not specifically requested or approved by Owner; provided, that GLENCO shall indemnify and hold harmless the Investor from all claims, demands, causes of action (at law or in equity), damages, reasonable attorney's fees, expenses and judgments which may be asserted hereafter by any third party based on or relating to any of the aforesaid actions or inactions of GLENCO in connection with the Railway Equipment.

ARTICLE IX ADDITIONAL AGREEMENTS

1. Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to carry out more fully the intent and purpose of this Agreement and to indicate the ownership of the Railway Equipment during the continuance with the Railway Equipment.

2. It is understood that upon the expiration or termination of this Agreement as to any or all of the Railway Equipment, Owner shall no longer be entitled to use the Recording and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of GLENCO. Accordingly, Owner agrees that it will promptly undertake upon such expiration or termination, at Owner's expense, all steps necessary to change promptly the Designations on the Railway Equipment no longer included under the Agreement and to execute any and all documents requested by GLENCO to transfer to GLENCO any rights Owner may have acquired to such Designations. GLENCO agrees to prepare, at GLENCO's expense, documentation as, in its opinion, is necessary to change all designations on the Railway Equipment from the Designations of GLENCO to those adopted by Owner, and to provide reasonable assistance to Owner, at Owner's expense, in the filing of such documents.

3. Any notice or other communication by either party to the other shall be in writing, and shall be deemed to have been duly given if either delivered personally or mailed, postage prepaid, registered or certified mail, addressed as follows:

GLENCO: Glenco Transportation Services, Inc.

~~PO BOX 13687 HOUSTON TEXAS 77019~~

~~HOUSTON TEXAS 77019~~

1717 St. James Place, Suite 300
Houston, Texas 77056

Owner: Delgray Enterprises, Inc.

P.O. Box 13687

Houston, Texas 77019

or to such other address, and to the attention of such other person or officer as either party may designate to the other in writing as provided by this Paragraph.

4. The Owner or his authorized representative shall be entitled to inspect the books and records of GLENCO applicable to the Railway Equipment at any reasonable time during the office hours of GLENCO.

5. GLENCO hereby confirms that it will act as agent of Owner in entering into and performing all obligations and duties of the lessor under any lease of the Railway Equipment and hereby assigns to Owner all rights of the lessor under any such lease, including any rights of indemnification of the lessor thereunder; provided, that such assignment shall not affect or modify the relationship between, or the respective rights, obligations, and duties of GLENCO and Owner pursuant to this Agreement.

6. This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Railway Equipment. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. Any waiver of any obligation of either party hereto shall not be construed as a continuing waiver of any such obligation under any provision hereof.

7. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the heirs, administrators, executors, successors and assigns, if any, of the parties hereto, subject to the provisions pertaining to the assignment hereof set forth in Article VII.

8. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have hereunto set their names, effective this 15th day of May, 1980. *pk*

GLENCO TRANSPORTATION SERVICES, INC.

By *JY*
President

OWNER

Delgray Enterprises, Inc

by *John E. Porter*

Delgray Enterprises, Inc.

"Exhibit A"

<u>Class</u>	<u>Capacity</u>	<u>Number of Cars</u>	<u>Car Numbers</u>
DOT 111A100W3	23,500 Gal.	31	GLNX 23208 ✓
Exterior coil			GLNX 23202 ✓
insulated			GLNX 23194 ✓
			GLNX 23181 ✓
			GLNX 23231 ✓
			GLNX 23233 ✓
			GLNX 23234 ✓
			GLNX 23235 ✓
			GLNX 23237 ✓
			GLNX 23243 ✓
			GLNX 23156 ✓
			GLNX 23157 ✓
			GLNX 23158 ✓
			GLNX 23162 ✓
			GLNX 23165 ✓
			GLNX 23172 ✓
			GLNX 23173 ✓
			GLNX 23177 ✓
			GLNX 23178 ✓
			GLNX 23179 ✓
			GLNX 23180 ✓
			GLNX 23182 ✓
			GLNX 23183 ✓
			GLNX 23222 ✓
			GLNX 23223 ✓
			GLNX 23225 ✓
			GLNX 23226 ✓
			GLNX 23227 ✓
			GLNX 23228 ✓
			GLNX 23229 ✓
			GLNX 23230 ✓

EXHIBIT "D"

CALCULATION OF PREPAYMENT AMOUNT

DESCRIPTION		NO. (A)	ESTIMATED VALUE PER CAR (B)	TOTAL VALUE PER CATEGORY (A) & (B)	PERCENT PER CAR OF TOTAL (B)/(C)
<hr/>					
CAT 1	34,500 Gal Non-Pressure Tank Cars	2	\$44,500	\$534,000	2.46%
	34,000 Gal Pressure Tank Cars	10			
CAT 2	23,500 Gal Non-Pressure Tank Cars	31	\$37,200	\$1,153,200	2.06%
CAT 3	4,750 Cubic Foot Covered Hoppers	4	\$29,800	\$119,200	1.65%
				<hr/>	
				\$1,806,400 (C)	

CALCULATION:

(Principal Balance X 120%) X Percent Per Car of Total = Prepayment Amount/Car

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